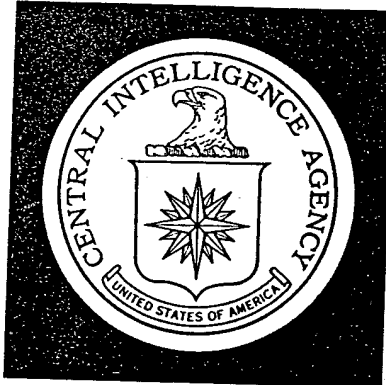


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DIRECTORATE OF  
INTELLIGENCE

CIA HISTORICAL REVIEW PROGRAM  
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# Intelligence Memorandum

*The Merchant Fleet of the USSR*

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May 1969

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CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
May 1969

INTELLIGENCE MEMORANDUM

The Merchant Fleet of the USSR

Summary

Although the Soviet merchant fleet has tripled in tonnage during the last decade, it does not pose a serious competitive threat to Free World shipping. The fleet grew at an annual rate of 15 percent during 1961-65 and advanced from thirteenth place to seventh place among the world's merchant fleets between 1962 and 1964. Since 1965, its rate of growth has slowed to an average of 9 percent, and it still ranks seventh in the world.

At the end of 1968 the Soviet merchant fleet consisted of 1,200 ships totaling 10.4 million dead-weight tons (DWT). Ship deliveries to the fleet, which peaked in 1964 at 1.2 million DWT, have been declining and totaled about 800,000 DWT in 1968. Unless this trend is reversed, the planned expansion of the fleet to 13 million DWT by the end of 1970 will not be achieved. Recent deliveries to the fleet have favored dry cargo ships at the expense of tankers. Deliveries of dry cargo ships increased from 520,000 DWT in 1966 to 610,000 DWT in 1968, while deliveries of tankers decreased from 510,000 DWT to 220,000 DWT. In 1968, 44 percent of the new tonnage added to the fleet came from shipyards in Communist Eastern Europe, 31 percent came from the USSR, 15 percent was delivered from the Free World, principally Finland,

*Note: This memorandum was produced by CIA. It was prepared by the Office of Economic Research and coordinated with the Office of Strategic Research.*

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and 10 percent from Yugoslavia.

Although three-quarters of the tonnage of the Soviet fleet is less than ten years old, even the newer ships are small by current world standards. The Soviet fleet has no supertankers, no large bulk carriers, and no container ships, all of which are becoming increasingly common in other modern fleets.

More than 90 percent of the ton-miles performed by the fleet are in international trade. International trade cargoes carried by the Soviet fleet in 1968 totaled about 85 million tons, four percent of world seaborne foreign trade. Of this amount more than 80 percent were Soviet cargoes and the remainder were cargoes carried for foreign traders between foreign ports. The latter, which were carried in competition with foreign steamship companies, amounted to only about 0.7 percent of world seaborne foreign trade.

While the Soviet fleet has grown rapidly, so has the USSR's seaborne trade. Consequently, the share of Soviet seaborne foreign trade carried on Soviet ships (52 percent in 1967) is no larger than a decade ago, and the USSR is forced to charter many ships for hard currency. The priority use of most new additions to the Soviet fleet has been to carry Soviet cargoes. An increased ability to compete with Western fleets has been basically a by-product of the expansion of the Soviet fleet. Soviet ships are chartered to Free World traders mainly for reasons of convenience and efficiency -- in such instances as tramp voyages by ships returning to the USSR in ballast from the delivery of exports and ships that are temporarily surplus during the winter. Most of the Soviet cargo lines are on routes where there is a large volume of Soviet trade, although a few recently opened lines are designed to carry mainly foreign cargoes, and the USSR has engaged in some active, if largely unsuccessful, rate cutting.

Competition of Soviet ships with Free World shipping can be expected to increase, but it could become severe only on selected routes and will remain small-scale at least for the next few years. Most of the Soviet fleet will be needed to carry Soviet trade and will be designed for this purpose -- large and specialized ships will be lacking. The

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Soviet fleet is discouraged from participating in the carriage of US seaborne trade, which is one-fifth of the world total, by restrictive US regulations and the threat of a boycott by US longshoremen. Even if the Soviet fleet should double its carriage of foreign interport cargoes, the increased amount would represent little more than one percent of world seaborne trade.

Basically, the Soviet merchant fleet will remain a carrier of Soviet cargoes in domestic and foreign trade, and expansion of both of these categories will require continued expansion of the fleet. Soviet Minister of the Maritime Fleet Bakayev has revealed that the USSR intends to increase the size of its merchant fleet to more than 17 million DWT by 1975, an increase of more than 60 percent over the current tonnage.

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Size and Growth of the Soviet Merchant Fleet

1. In 1968 the Soviet merchant fleet ranked seventh in the world, close behind the Greek fleet, and consisted of more than 1,200 ships totaling more than 10.4 million DWT (see Table 1).<sup>\*</sup> The size of the Soviet fleet is less than one-half that of any of the top five fleets and accounts for only 4 percent of total world tonnage, as shown in the following tabulation:

<u>Country</u>	<u>Million DWT As of 30 June 1968 a/</u>	<u>Percentage of World Total</u>
Liberia b/	42	16
Norway	30	12
United Kingdom	28	11
Japan	27	10
United States	26	10
	(17 active)	(7 active)
Greece	11	4
USSR	10	4
Other	87	33
Total	261	100

a. With the exception of the USSR, data used in this tabulation were taken from official publications of the US Maritime Administration. Estimates of the tonnage of the Soviet merchant fleet used in this memorandum are somewhat lower than those of other sources because CIA estimates exclude tankers and refrigerator ships subordinate to the Ministry of the Fishing Industry and all passenger ships. When non-CIA estimates of the Soviet fleet are used, the Soviet fleet stands in sixth place.

b. Liberia provides a "flag of convenience" for Greek, US, and other Free World shipowners seeking to avoid the higher tax and wage levels of their own countries.

<sup>\*</sup> The Soviet fleet has ranked seventh since 1964. It rose to this standing from thirteenth place in 1962.

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Among the largest fleets, those showing the most spectacular recent growth in DWT have been the Japanese (20 percent in 1967), Norwegian (15 percent in 1967), and Liberian (12 percent in 1967). The British fleet has been growing at a slow rate, and the US fleet has been diminishing. The Soviet fleet grew at an average annual rate of 15 percent during 1961-65, and 9 percent in 1966-68. Deliveries to the fleet in 1968 were more than 0.8 million DWT, compared with 1.2 million DWT in the peak year 1964 (see Table 2).

2. Deliveries to the Soviet merchant fleet during the first three years of the 1966-70 five-year plan revealed an increasing emphasis on dry cargo ships at the expense of tankers. Deliveries of dry cargo ships increased from 520,000 DWT in 1966 to 610,000 DWT in 1968, whereas deliveries of tankers decreased from 510,000 DWT in 1966 to 220,000 DWT in 1968.\* This change in emphasis also was accompanied by a decrease in the average size of tankers delivered -- from 23,000 DWT in 1966 to 12,000 DWT in 1968. The average size of dry cargo ships delivered remained close to 8,000 DWT.

3. New merchant ships delivered to the Soviet fleet during 1966-68 included vessels belonging to 33 distinct series or classes, 25 of them dry cargo and eight of them tanker. Eleven of the dry cargo classes and three of the tanker classes were introduced after 1965. Most of the new classes are modernized versions of earlier classes with improved power plants and design features that increase efficiency in handling cargo. Only one new class, the Polish-built Zvenigorod-class bulk carriers of 23,000 DWT, consisted of vessels larger than previous additions to the fleet.

\* *Statistics on fleet size and additions to the fleet in this memorandum exclude ships of less than 1,000 GRT.*

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4. Yugoslavia produces the only class of large-hatch ship\* still being acquired by the Soviet fleet. The other classes of large-hatch ships, formerly produced in the USSR, East Germany, Poland, and Finland, have been phased out of production and replaced by similar ships with hatches and holds of conventional length. At the end of 1968 the USSR had 135 large-hatch ships in its fleet, representing more than 1.7 million DWT. Although not explicitly stated, the decision to stop the delivery of most large-hatch ships may have been related to operational deficiencies. One large-hatch ship less than three years old sank during a storm on the North Atlantic in 1968, and most large-hatch classes have been criticized as poorly adapted for efficient cargo handling.

5. In 1968, 44 percent of the new tonnage added to the fleet came from shipyards in Communist Eastern Europe, 31 percent from Soviet shipyards, 15 percent from Free World shipyards, and 10 percent from Yugoslav shipyards. The principal Eastern European suppliers were Poland and East Germany, and Finland was the leading Free World supplier. Payment for ships from these major foreign suppliers was handled through bilateral trade clearing accounts and did not require any hard-currency expenditures.

6. The high volume of deliveries over the past decade has created a relatively new Soviet merchant fleet; three-quarters of its tonnage is less than ten years old.\*\* The fleet, however, includes a high proportion of ships that are small by current

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\* The designation "large-hatch ship" refers to vessels built with one hold of unusual length and at least one hatch of more than 50 feet in length for the carriage of oversized cargo. Ships included in this list have large hatches ranging in length from 52 feet in the case of the Simferopol' class to 79 feet in the case of the Poltava class.

\*\* In mid-1968, 54 percent of the world's fleet was less than ten years old.



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world standards. The dry cargo fleet, which accounts for 60 percent of the tonnage, consists largely of general-purpose freighters and includes only a few undersized bulk cargo ships. The average Soviet freighter is 6,500 DWT, compared with a world average of 7,900 DWT. The ships in the tanker fleet, which account for the remaining 40 percent of Soviet tonnage, average 17,000 DWT, compared with a world average of 29,000 DWT. Moreover, the Soviet fleet has no tankers of more than 49,400 DWT, no bulk dry cargo ships of more than 23,000 DWT, and no container ships. Ships in these categories are becoming increasingly common in other modern fleets, and their omission from the Soviet fleet limits its ability to compete in international trade. Free World shipowners have bulk dry cargo ships of more than 100,000 DWT and tankers of more than 300,000 DWT in operation at the present time.

7. The Soviet merchant fleet lacks ships in many important size and functional categories because it has been tailored to the requirements of Soviet seaborne trade. The sizes and other characteristics of the ships in the fleet have thus been determined by the commodity composition of the trade and by the depths and other characteristics of the Soviet and foreign ports visited by these ships. The largest tankers currently handled at Soviet petroleum ports are about 50,000 DWT in the Black Sea and 35,000 DWT in the Baltic. Limitations on bulk dry cargo ships are even greater. The largest ship of this type that can currently be handled in Soviet ports without lightering offshore in deep water is 23,000 DWT. There has been heavy emphasis on the building of general-purpose ships in order to maintain a high degree of flexibility in carrying Soviet cargoes. Moreover, Soviet leaders have usually been cautious in their approach to new merchant shipping developments, holding back on such innovations as the use of large containers and the building of container ships.

Employment of the Fleet

8. The Soviet merchant fleet is used predominantly in international trade, which accounts for

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more than 90 percent of the fleet performance in ton-miles. International trade cargoes carried by the Soviet fleet in 1968 totaled about 85 million tons, four percent of world seaborne trade. Of this amount, more than 80 percent were Soviet cargoes, and the remainder were cargoes carried for foreign traders between foreign ports. Soviet cargoes were largely exports, which account for about 90 percent of total Soviet seaborne foreign trade by weight. Petroleum, which makes up almost one-half of all Soviet seaborne foreign trade cargo, was the principal commodity carried by Soviet ships, followed by wood, grain, ore, metals, chemicals, coal, and general cargo.

9. In 1967, 58 percent of the Soviet foreign trade cargoes carried by Soviet ships moved between the USSR and industrialized countries of the Free World, 26 percent was carried between the USSR and other Communist countries, and 16 percent moved between the USSR and the less developed countries. The principal ports of call for Soviet merchant ships in the Free World were in Italy, Japan, Finland, West Germany, France, Sweden, and Great Britain -- the USSR's most important Free World trading partners. Because all of these countries have significant merchant fleets, Soviet trade with them moves on Free World as well as Soviet ships.

10. Cuba is the only Communist country whose seaborne trade with the USSR (close to 10 million tons in 1968) is comparable in volume to that of the Free World countries listed above. As 88 percent of this trade moves on Soviet ships and the distance is great, the USSR devotes more of its merchant tonnage to the Cuban trade (595 port calls in 1968) than it does to its trade with any other country. Although Soviet seaborne commerce with North Vietnam is less than one million tons a year, a considerable amount of Soviet shipping (216 port calls in 1968) also is devoted to this trade. Soviet ships carry almost all of the cargoes moving between the USSR and North Vietnam and some of the cargoes that move between North Vietnam and other countries. Because of the closure of the Suez Canal, the tonnage required to move a given amount of dry cargo between Black Sea ports and Haiphong has been

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increased by almost 50 percent, and virtually all Soviet petroleum deliveries to North Vietnam now originate from Soviet ports in the Far East.

11. Among the less developed countries, Egypt and India are the USSR's most important trading partners by sea. However, the volume of Soviet trade with these two countries is less than that with Cuba or with any of its major trading partners among industrialized Free World countries. Although both India and Egypt have small merchant fleets and shipping agreements with the USSR that allot half of the trade to the ships of each trading partner, Soviet ships normally carry more than half of Soviet trade with these countries.

12. Because the Soviet Navy has few auxiliaries, the merchant fleet also provides logistical support for the Soviet military establishment. During the build-up preceding the Cuban missile crisis in 1962, Soviet passenger and dry cargo ships transported more than 15,000 Soviet troops and 250,000 tons of military equipment to Cuba. Other logistical support for the Soviet armed forces has been limited largely to supply missions along the Northern Sea Route during the summer and the occasional assignment of small tankers to naval task forces, particularly in the Mediterranean Sea. The merchant fleet also carries almost all of the Soviet military aid cargoes that go by sea.

#### Soviet Dependence on Foreign Shipping

13. In spite of the impressive growth of the Soviet merchant fleet, the USSR is still dependent on foreign shipping to carry almost one-half of its seaborne foreign trade. Soviet ships carried 55 percent of Soviet seaborne foreign trade in 1958, but with the rapid growth of its foreign trade during 1959-61 (nearly 30 percent a year) the share carried by Soviet ships dropped to 37 percent in 1961 and 1962. The growth of Soviet seaborne trade in the past decade is shown in Table 3. The large share carried in foreign ships, many chartered by the USSR with payment in hard currency, spurred deliveries to the Soviet merchant fleet, and by 1967 the share carried in Soviet ships had rebounded

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to 52 percent.\* There are some indications that the share carried on Soviet ships continued to increase in 1968. At the same time, the tonnage of Soviet seaborne trade carried on foreign ships continued to increase in absolute terms through 1967, although there is evidence that it declined in 1968 for the first time in more than ten years. The portion of this trade carried in ships chartered by the USSR includes exports of cement, wood, and petroleum to Cuba; chrome ore to the United States; coal to France; chrome ore, pig iron, and coal to Japan; and cement to Ceylon and Libya.

Soviet Competition with Free World Shipping

14. The growth of the Soviet merchant fleet has resulted in substantially increased competition with Free World shipowners for the carriage of foreign cargoes. For many years, the only cargoes carried by Soviet ships for foreign shippers outside of Soviet trade were those carried between foreign ports on a voyage charter basis by ships returning to the USSR from the delivery of exports. Such voyages still represent the most important form of Soviet competition with Free World shipowners. The largest volumes of these cargoes consist of petroleum carried from the Persian Gulf to Western Europe by tankers returning to the Black Sea from India and Japan, sugar carried from Cuba to Europe by ships returning to the Baltic and Black seas from Cuba, and ores and metals carried from India to Japan by ships returning to the Soviet Far East from India and Ceylon.

15. In 1964 the USSR began to make a second category of ships available to foreign charterers. These were cargo ships, largely in the 2,000 to 5,000 DWT range, which were surplus during the winter when shipping in northern ports is curtailed by ice. This practice, usually involving short-term time charters, has been continued and expanded since 1964. A few Soviet ships have also been turned over to North Vietnam on long-term time charters.

\* *The US-flag merchant fleet carries less than 10 percent of US seaborne foreign trade.*

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16. Soviet international cargo lines also are competing with Free World lines. Prior to 1964, all of the Soviet lines served trade routes linking the USSR with its trading partners, and most cargoes consisted of Soviet exports and imports. In December 1964 the USSR opened its first cargo liner service on a route where a majority of the cargoes were foreign -- between Europe and Canada. This also was the first Soviet liner service on a route served mainly by Free World lines organized into freight conferences.\* The USSR has subsequently opened cargo lines on four additional routes where its ships carry foreign cargoes in competition with Free World liner operators:

Mediterranean - Eastern Canada  
Japan - Southeast Asia - India  
Australia - Europe  
Japan - Western Canada

At the end of 1968 the USSR was providing scheduled liner service on at least 31 international routes (see Table 4).

17. In many cases the services on Soviet cargo lines are more loosely organized than they are on Free World lines. There are fewer advertised schedules, specific vessels are not always permanently assigned to the lines, and often the service consists of nothing more than a guarantee that a Soviet ship will call at a given port once a month. On some trade routes it is difficult to tell which Soviet freighters are functioning as tramps and which are in liner service. Ships may function as liners in one direction and carry tramp cargoes under voyage charter on the return voyage.

*\* A freight conference is an organization of liner operators whose ships provide scheduled service on a given trade route in a given direction. Conferences set rates, establish schedules, and determine the number of sailings each participating line will make per year or month. The major conferences serving the route between Western Europe and Eastern Canada, for example, are the Canadian North Atlantic West-Bound Freight Conference and the Canadian Continental Eastbound Freight Conference.*

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18. A serious limitation on the Soviet ability to compete in international shipping is the self-imposed exclusion of the Soviet fleet from the movement of US seaborne foreign trade, which is one-fifth of the world total. During the past ten years, no Soviet merchant ship has called at a US port to load or discharge cargo. The USSR attributes this to US port security and shipping legislation dealing with US port calls by Communist ships and all ships that call at ports in Cuba or Asian Communist countries. Although other Communist countries -- Bulgaria, Czechoslovakia, Poland, and Rumania -- permit their merchant ships to call at US ports under the provisions of these regulations, the USSR does not. An important cause of Soviet abstention may be the threatened boycott of Soviet ships by US East Coast and Gulf longshoremen.

Rate Cutting

19. Soviet cargo lines on routes served by conference lines traditionally have charged rates close to those set by the conferences but have not joined the conferences.\* In August 1968, however, the Baltic Steamship Company initiated a liner service between Australia and Europe at rates 15 percent below those charged by the conference lines.\*\* The USSR claimed that its imports of wool from Australia (only 9,000 tons in 1967) entitled it to participate in liner activity on this route and that its initial attempts to join the Australia/European Conference had been rebuffed. A representative of the conference stated that the Soviet bid for membership had failed because the USSR demanded an unfair share of the trade (36 sailings a year) on a route where Soviet export cargo was insignificant and wool was the only import.

\* In 1966 the USSR joined the conferences that set rates for passenger ships on the North Atlantic route.

\*\* More than 20 Free World conference lines operate on this route. They are organized into the Australia/European Conference, which governs westbound traffic, and the Outward Continent/Australia Conference, which governs eastbound traffic.

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20. It is not uncommon for small, independent (non-conference) lines under Free World flags to charge rates that are 10 percent below those charged by the conference lines. Nevertheless, the Soviet rate cutting caused considerable alarm in Free World shipping circles. The conference lines reacted quickly to the Soviet initiative by cutting rates, by increasing rebates, and by other more subtle pressures. In response, the USSR requested a resumption of negotiations with conference officials. These negotiations led to the announcement in January 1969 that the USSR would accept the conditions for membership in the conferences and that, after ratification by Soviet and conference officials in February, the Soviet Baltic Steamship Company would be admitted to the conferences. Soviet membership became official on 1 March 1969. As the first Soviet steamship company to join a freight conference, the Baltic Steamship Company will charge conference rates and accept a quota of 12 westbound sailings a year from Australia in contrast to the 36 originally demanded.\*

21. Since the Australia-Europe line opened, there have been two additional cases of Soviet rate cutting. In the first case, a Soviet liner service between Japan and Western Canada was opened in December 1968 on an independent basis at rates 15 percent below those charged by the Free World conference lines. This service involves only one call a month and apparently has aroused little concern among the conference lines with which it competes. In the other case, a Soviet line was set up on a trial basis in February 1969 on a potentially profitable route from Singapore and Malaysia to Europe at rates reportedly 25 percent below those charged by the

\* *Eight of the sailings will be from Australia to both Free World and Soviet ports in Europe, and four will be from Australia to Soviet ports only. There will be only nine eastbound sailings a year, six from specified Baltic and Continental ports and three from specified Baltic ports. Because only nine ships will be coming from Europe, the USSR will probably use ships of the Baltic Steamship Company that have delivered sugar from Cuba to Japan as part of a round-the-world circuit to make the three additional voyages from Australia to Europe each year.*

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competing Far East Freight Conference. This new line also will provide only one call per month; Soviet ships already average two calls per month at Singapore and ports in Malaysia to load Soviet imports of rubber. In establishing the line, the USSR probably was influenced by Singapore rubber exporters who have been boycotting the lines of the Far East Freight Conference because of high rates and other abuses and have been encouraging independent lines to enter the trade.

22. Despite the increase in Soviet competition with Free World maritime fleets, the competition has been selective and does not loom large in terms of total world trade. Foreign interport cargoes carried by Soviet ships for foreign traders in 1968 totaled about 15 million tons, or 0.7 percent of world seaborne foreign trade.

### Prospects

23. Unless deliveries to the Soviet merchant fleet pick up substantially in 1969 and 1970, the five-year plan goal for expansion of the fleet to 13 million DWT will not be met. But even if fleet expansion falls short of target, the fleet probably will grow faster than Soviet foreign trade during 1969 and 1970, and the share of Soviet seaborne foreign trade carried by Soviet ships should approach 60 percent in 1970. Soviet efforts to increase the share carried by its ships above 60 percent may be thwarted by the insistence of certain trading partners on moving part of their trade with the USSR on their own ships. Some trading partners reserve part of the trade for their ships by negotiating fifty-fifty shipping agreements with the USSR, and others simply insist on f.o.b. terms in purchasing Soviet exports.

24. As the Soviet fleet expands and Soviet ships carry larger volumes of foreign trade cargo, Free World shipowners will experience increased competition from Soviet ships. More Soviet ships will be available for voyage charters while returning from the delivery of exports and for time charters during the slack winter season. The USSR will continue to open new international cargo lines,



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most of them on routes where some Soviet cargoes move or where there is already some activity by Soviet freighters on tramp voyages. (The west coast of South America is a likely area for the establishment of a new Soviet cargo line.) Rate cutting by Soviet cargo lines may continue, but it will generally be confined to situations where there are major differences between the shippers and the conference lines or where there is little chance of effective retaliation by the conference lines. The recent accommodation by the Baltic Steamship Company in the Australia-Europe trade indicates that the USSR will cooperate with conference lines if reduced rates fail to entice business.

25. Although the Soviet merchant fleet may occasionally provide serious competition with Free World shipowners on certain routes, the Soviet fleet will not pose an overall threat to Free World shipping through the early 1970's. Even if the USSR doubled its carriage of foreign interport cargoes for foreign shippers, the volume carried probably would represent little more than one percent of world seaborne trade. Moreover, existing size and functional limitations on the ability of the Soviet fleet to compete in certain trades will change little through the end of 1970. The USSR plans to add some bulk dry cargo ships of 36,000 DWT to its fleet beginning in 1969 and apparently is designing tankers of 120,000 DWT as well as container ships. However, only small numbers of any of these ships will be added to the Soviet fleet before the early 1970's, and by that time Free World fleets will include bulk dry cargo ships of over 200,000 DWT and tankers of more than 360,000 DWT.

26. The emergence of the container revolution and the growing size of supertankers are likely to limit future Soviet competition with Free World shipowners. The introduction of large, fast container ships on trade routes formerly served by conventional cargo liners will reduce the number of routes on which cargo liner operations with conventional freighters, such as those used on Soviet lines, are viable. This will create a worldwide surplus of these ships, most of them relatively

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new vessels in the 5,000 to 15,000 DWT range. The shift to the charter market of such a large bloc of tonnage would have a depressing effect on the rates Soviet dry cargo ships could earn under foreign charter and might also reduce chartering of Soviet ships. The increasing emphasis in tanker construction on ships larger than 100,000 DWT is likely to make many tankers between 10,000 and 50,000 DWT surplus. Because this is the size range of all of the larger Soviet tankers, the USSR may also be confronted with depressed charter rates and limited charter opportunities in this field.

27. Basically, the Soviet merchant fleet will remain a carrier of Soviet cargoes in domestic and foreign trade, and expansion of both of these categories will require continued expansion of the fleet. Soviet Minister of the Maritime Fleet Bakayev has revealed that the USSR intends to increase the size of its merchant fleet to more than 17 million DWT by 1975, more than 60 percent greater than current tonnage. If this goal is attained, the Soviet fleet would be considerably larger than the active US-flag fleet at that time.\* However, if ships beneficially owned by US firms but registered under the flags of Liberia, Panama, and other flag-of-convenience countries are grouped with US-flag ships, the US fleet at the end of 1975 would be more than 10 million tons larger than the Soviet fleet.\*\*

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\* This estimate assumes retirement by 1975 of all US tonnage built before and during World War II and additions to the US fleet averaging 500,000 DWT a year during 1969-75. About 400,000 DWT of merchant ships were built in US yards in 1968.

\*\* More than one-fourth (11.9 million DWT) of the Liberian-flag fleet and almost one-half (3.7 million DWT) of the Panamanian-flag fleet are beneficially owned by US firms.

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Table 1

Inventory of Ships in the Soviet Merchant Fleet a/

<u>Year</u> <u>b/</u>	<u>Number</u>	<u>Million DWT</u>	<u>Percentage Increase in DWT over Previous Year</u>
1959	590	3.3	6
1960	650	3.9	18
1961	680	4.2	8
1962	740	4.8	14
1963	820	5.7	19
1964	900	6.9	21
1965	990	8.0	16
1966	1,070	8.9	12
1967	1,150	9.7	9
1968	1,230	10.4	8

*a. Including only vessels of 1,000 GRT and over and excluding ships of the Caspian Steamship Company and river vessels of the Danube Steamship Company.*

*b. As of 31 December.*

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Table 2

Yearly Deliveries of New Dry Cargo Ships  
and Tankers to the Soviet Merchant Fleet a/

<u>Year</u>	<u>Million Deadweight Tons</u>	<u>Year</u>	<u>Million Deadweight Tons</u>
1959	0.4	1964	1.2
1960	0.6	1965	1.1
1961	0.5	1966	1.0
1962	0.8	1967	0.8
1963	0.8	1968	0.8

*a. Including only vessels of 1,000 or more GRT delivered to the Ministry of the Maritime Fleet; excluding ships of the Caspian Steamship Company and river vessels of the Danube Steamship Company.*

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Table 3

Seaborne Foreign Trade of the USSR a/

<u>Year</u>	<u>Million Metric Tons</u>	<u>Percentage Increase over Previous Year</u>
1958	29	17
1959	38	29
1960	49	28
1961	62	28
1962	71	14
1963	81	13
1964	90	11
1965	98	9
1966	111	13
1967	117	5

*a. Including foreign trade cargoes carried on the Danube River.*

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Table 4

International Cargo Lines Served by the Soviet  
Merchant Fleet as of  
31 December 1968

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Unilateral Lines

USSR (Baltic Sea) - Western England  
USSR (Baltic Sea) - Finland - West Africa  
USSR (Baltic Sea) - Scandinavia  
USSR (Baltic Sea) - Cuba  
USSR (Baltic Sea) - Europe - Australia  
USSR (Baltic Sea) - Western Europe - Eastern Canada  
USSR (Black Sea) - Mediterranean - Eastern Canada  
USSR (Black Sea) - Cuba  
USSR (Black Sea) - Southeast Asia (including North  
Vietnam)  
USSR (Black Sea) - Iraq  
USSR (Black Sea) - Near East (Mediterranean)  
USSR (Black Sea) - Italy  
USSR (Black Sea) - Greece  
USSR (Black Sea) - East Africa - Red Sea  
Iran (Caspian) - Baltic - North Sea (via Volga-Baltic  
Waterway)  
USSR (Lower Danube) - Near East  
USSR (Lower Danube) - North Africa  
USSR (Lower Danube) - Turkey  
Japan - Western Canada  
USSR (Far East) - Japan - Southeast Asia - India

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Table 4

International Cargo Lines Served by the Soviet  
Merchant Fleet as of  
31 December 1968  
(Continued)

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Lines Operated Jointly by Soviet and Foreign  
Steamship Companies

	<u>Nationality of</u> <u>Foreign Participant</u>
USSR (Baltic Sea) - East Germany	East German
USSR (Baltic Sea) - Eastern Europe - Western Europe - South America	Polish
USSR (Baltic Sea) - West Germany	West German
USSR (Baltic Sea) - Netherlands	Dutch
USSR (Baltic Sea) - Belgium	Belgian
USSR (Baltic Sea) - France	French
USSR (Baltic Sea) - Eastern England	British
USSR (Black Sea) - Bulgaria	Bulgarian
USSR (Black Sea) - United Arab Republic	Egyptian
USSR (Black Sea) - India	Indian
USSR (Far East) - Japan	Japanese